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The DEMAND and PRICE SITUATION

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AMS

Approved by the Outlook and Situation Board, March 23, 1960

SUMMARY

Farmers intend to plant a little smaller acreage to crops for 1960 harvest than in 1959. This is the conclusion of the Crop Reporting Board on the basis of reports from growers in early March about their intentions to plant a number of leading crops. Feed grain acreage is expected to be a little smaller; corn and sorghum plantings will be about the same as last year but barley and oats will be down about 4 and 5 percent, respectively. Intended acreage of soybeans is up 6 percent from last year and nearly as high as the 1958 record. Total food grain acreage is expected to be a little less; winter wheat and rice plantings are about the same as in 1959 but spring wheat plantings may be down nearly 5 percent.

Average prices of major farm commodities on central markets have advanced since mid-February. Severe weather over much of the country has reduced marketings and firmed prices, particularly for the meat animals.

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ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1959 Year	1959 Feb.	1959 Nov.	1959 Dec.	1960 Jan.	1960 Feb.
Industrial production, seasonally adj. 1/	1947-49=100	159	155	156	165	168	167
All manufactures	do.	158	153	154	164	168	167
Durable goods	do.	165	160	156	174	181	179
Nondurable goods	do.	155	150	157	158	159	158
Mining	do.	125	126	125	129	128	126
Utilities	do.	268	259	270	277	280	283
Construction:							
Total outlays, seasonally adjusted 2/	Mil. dol.	54,313	4,609	4,221	4,331	4,535	4,635
Public construction	Mil. dol.	15,970	1,512	1,136	1,187	1,287	1,323
Private residential	Mil. dol.	22,377	1,812	1,748	1,760	1,841	1,855
Housing starts	Thousands	1,377	1,403	1,210	1,330	1,210	1,115
Manufacturers' sales and inventories: 2/							
Total sales, seasonally adjusted	Mil. dol.	29,755	28,481	28,972	30,751	30,787	
Durable goods	Mil. dol.	14,522	13,870	13,479	14,975	15,352	
Unfilled orders-sales ratio 5/		3.25	3.32	3.57	3.21	3.09	
Inventory-sales ratio 6/		1.73	1.75	1.78	1.70	1.73	
Durable goods		2.03	2.05	2.18	2.00	1.99	
Employment and wages: 7/							
Total civilian employment	Millions	65.6	62.7	65.6	65.7	64.0	64.5
Nonagricultural	do.	59.7	58.0	60.0	60.9	59.4	59.9
Unemployment	do.	3.8	4.7	3.7	3.6	4.1	3.9
Workweek in manufacturing	Hours	40.3	40.0	39.9	40.5	40.3	39.9
Hourly earnings in manufacturing	Dollars	2.22	2.20	2.23	2.27	2.29	2.28
Income and spending:							
Personal income payments 2/ 3/	Bil. dol.	380.2	371.0	387.0	392.1	392.8	393.0
Consumer credit outstanding 1/	Mil. dol.	52,046	44,748	50,379	52,046	51,356	
Automobile	Mil. dol.	16,590	14,339	16,669	16,590	16,568	
Total retail sales, seasonally adj. 2/	Mil. dol.	17,930	17,575	17,842	17,485	18,142	18,056
Durable goods	Mil. dol.	5,962	5,869	5,682	5,328	5,895	6,004
Inventory-sales ratio 6/		1.36	1.37	1.36	1.39	1.35	
Prices:							
Wholesale prices, all commodities 4/	1947-49=100	120	120	119	119	119	119
Commodities other than farm and food	do.	128	128	128	129	129	129
Farm products	do.	89	91	85	86	86	87
Foods processed	do.	107	108	105	105	106	106
Consumer price index, all items 4/	1947-49=100	125	124	126	126	125	
Food	do.	118	118	118	118	118	
Prices received by farmers 8/	1910-14=100	240	243	230	228	231	233
Crops	do.	221	218	216	217	219	219
Livestock and products	do.	255	265	243	238	242	244
Prices paid, interest, taxes and wage rates 8/	1910-14=100	298	297	297	297	299	299
Family living items	do.	289	288	291	291	290	289
Production items	do.	266	267	264	264	265	266
Parity ratio 8/		80	82	77	77	77	78
Farm income and marketings: 8/							
Volume of farm marketings	1947-49=100	127	103	175	160	131	100
Cash receipts from farm marketings	Mil. dol.	32,777	2,221	3,654	3,224	2,717	2,100

Annual data for most of these items for the years 1929 and 1939-58 appear on page 35 of the April 1959 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census. 8/ U. S. Department of Agriculture, Agricultural Marketing Service.

THE DEMAND AND PRICE SITUATION

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Prices received by farmers rose about 1 percent in each of the first 2 months of 1960 from the 1959 low in December but in mid-February were still 4 percent below a year earlier. Most of the recovery was in livestock products, particularly meat animals. Farm cost rates in mid-February remained at the January record high, and nearly 1 percent above a year earlier. The increase in prices received together with an unchanged parity index in February resulted in an increase of 1 point in the parity ratio over the 77 recorded in each of the 3 preceding months. The parity ratio was 5 percent below February of last year.

Cash receipts to farmers amounted to $4.8 billion in the first 2 months of this year, nearly 7 percent less than during January-February 1959. The reduction mainly reflects lower average prices; aggregate marketings were down only slightly. Receipts from sales of livestock and products were about 5 percent less than a year earlier. Marketings were larger but lower prices, particularly for hogs, beef cattle, and eggs were more than offsetting. Crop receipts were 9 percent below the first 2 months of last year; sharply smaller marketings of wheat accounted for most of the decline.

Demands from the business sector of the economy for inventory accumulation, plant construction, and new equipment appear to be the strongest factors in the current business situation. The book value of business inventories has increased by $2 billion since the low point reached last November following the steel strike. Expenditures by business firms for new plant and equipment this year are expected to rise 14 percent above last year's level.

The Government's annual survey of business firms' capital spending plans reveals that companies in the aggregate intend to invest about $37 billion in new plant and equipment in 1960, $4½ billion higher than last year and about equal to the 1957 record. All major industry groups plan to spend more on capital investment than last year, with spending by manufacturing firms up about a fourth. The survey also indicates that this form of investment, aside from seasonal influences, will rise gradually over the year with outlays in the second half of 1960 greater than in the first half.

Personal income payments rose to a record annual rate of $393 billion in February, 6 percent higher than February 1959. Consumer spending continues steady; retail sales in February, aside from seasonal changes, were about the same as in January. Consumer credit outstanding increased nearly half a billion dollars during February to a level of $51.4 billion, $6.3 billion higher than a year earlier. Employment rose by half a million last month and the seasonally adjusted unemployment rate fell from 5.2 to 4.8 percent.

Commodity Highlights

Prices of fed cattle are expected to fluctuate near or a little below current levels during the next several months but will remain below last spring's prices. Hog prices may show some seasonal decline during early spring but are likely to climb above a year earlier by summer. Lamb prices should hold above last year's prices most of this spring.

Prices received by farmers for milk and butterfat in mid-February averaged about 1 percent above a year earlier. Wholesale prices for dairy products have remained stable since the downward adjustment in butter and fluid cream in December 1959.

Soybean exports in 1959-60 are likely to set a new record of about 125 million bushels compared with 110 million last year. Soybean crushings are expected to total around 400 million bushels, leaving a carryover of soybeans on October 1, 1960 of around 40 million bushels, down sharply from the record carryover of 62 million bushels a year earlier but well above any other year.

The index of average prices received by farmers for feed grains in mid-February was only 1 percent higher than in November, and 3 percent below a year earlier. Through the first half of 1960 feed prices probably will continue below year earlier levels.

Total utilization of citrus fruits by March 1 of the 1959-60 season was moderately heavier than in 1958-59. As of mid-March, remaining supplies of oranges were about as large as a year earlier and those of grapefruit and lemons were somewhat smaller than a year earlier.

March intentions reports indicate that vegetable growers intend to plant 2 percent more cabbage for early summer harvest than in 1959, and 7 percent more watermelons. They also are planning 8 percent more acreage of early summer onions but 1 percent less acreage for late summer.

Carryover of cotton in the United States on August 1, 1960 is expected to decline to about 8.1 million bales from the 8.9 million of August 1, 1959. Exports during the current season are expected to be about 6.5 million bales compared with 2.8 million bales a year earlier.

Total domestic shorn and pulled wool production in 1959 was 139 million pounds, clean basis, 7 percent more than in 1958, and the highest since 1947. The 1960 shorn wool production probably will be at least 4 percent more than in 1959.

PROSPECTIVE CROP ACREAGE IN 1960

Growers intend to plant about a million acres less this year than last according to an annual survey released by the Crop Reporting Board on March 18. Farmers' planting intentions for the 16 major crops comprising the survey indicates that 271 million acres will be seeded, or 1.2 million acres less than in 1959. If allowances are made for those crops not included in the survey it is expected that total acreage of crops planted or grown will be about 337 million acres--a little less than a million acres below a year ago.

One of the most significant changes from 1959 levels occurs in the feed grains, with barley and oats declining 4 and 5 percent, respectively. Although barley is a fourth larger than the 10-year average, oats acreage would be the smallest on record and 20 percent below the 1949-58 average. If yields approximate the 1955-59 average, total oats production could decline by as much as 5 percent from last year. Corn and all sorghums acreage will likely remain at around last year's level of 86 million and 20 million acres respectively, but the combined total will be about 7 percent above the 1949-58 average.

Table 1.--Planted acreage of selected crops, 1949-58, 1959, and planting intentions 1960

Commodity	Average 1949-58	1959	Intentions 1960	1960 intentions as a percentage of 1959
	Millions	Millions	Millions	Percent
Feed grains:				
Corn	80.7	85.5	85.8	100.3
Oats	43.5	36.1	34.3	94.8
Barley	13.2	17.0	16.4	96.4
Grain sorghums	18.3	19.9	19.8	99.6
Hay 1/	74.2	69.4	69.1	99.5
Wheat	67.9	58.0	57.2	98.6
Rice	1.9	1.6	1.6	100.2
Tobacco 1/	1.5	1.2	1.2	100.2
Flaxseed	4.9	3.5	3.5	99.6
Soybeans	18.1	23.2	24.7	106.4
Peanuts	2.1	1.7	1.6	97.6
Potatoes	1.5	1.4	1.4	101.5

1/ Acreage harvested.
Agricultural Marketing Service.

Seeded acreage of all spring wheat in 1960 will be down to 13 million acres or 5 percent less than last year and more than a fourth below average. If yields per acre equal the 1955-59 average, an all spring wheat crop of 230 million bushels could be produced. This, combined with the December 1959 forecast for a winter wheat crop of 926 million bushels, would add to 28 million bushels more than the all wheat crop of 1,128 million bushels produced in 1959.

The expected soybean acreage in 1960 of almost 25 million acres--a near record--will be 36 percent above the 10 year average and 6 percent higher than in 1959. Other major crops planted this spring show little change from last year's level.

GENERAL ECONOMIC ACTIVITY

Continuing low levels of manufacturing and trade inventories relative to sales, a pick up in construction activity, and the results of a Government survey pointing to a 14 percent increase in plant and equipment spending this year over 1959, are the latest data pointing to a continuing strong business situation. Consumer income rose at an annual rate of $200 million in February, 6 percent above February last year. Retail sales remain stable. On the negative side, manufacturers' new orders dropped by a billion dollars last month and new auto sales so far this year have not been up to industry expectations.

Auto Sales Higher Than A Year Ago

Automobile sales so far this year have been substantially ahead of early 1959 levels. Purchases of domestic passenger cars from January 1 to March 1 were 13 percent higher than in the same period last year. A strong spurt in sales during the latter part of February brought sales for the month to about 484,000, 6 percent above January. Sales were nearly a fifth above February 1959 and the highest for that month since 1956.

Passenger car production was 687,700 units in January and 659,000 units in February. The January figure was a record and the February figure a near record for this time of year. Weekly production figures by automobile manufacturers show some cut back in production in recent weeks.

Stocks of Cars Nearing Record

With auto output at a high rate relative to sales, dealers' stocks of new cars have been mounting rapidly. Dealers held 956,000 units on March 1 and more than a million by March 10 compared with 575,000 new cars at the end of December, 800,000 at the end of January and the previous record of 965,000 last July. If the traditional pattern is repeated this year, auto sales will begin to pick up toward the end of March and continue to rise until early summer, and stocks will be reduced. Normally, production of cars is lower in the April-June quarter than during January-March.

Strong Demand to Build Inventories

The need to rebuild inventories depleted during the steel strike continues to be a basic force in the upward momentum of economic activity though

the push from this source may soon diminish. Total inventories (held by manufacturers, wholesalers, and retailers), after adjustment for seasonal factors, rose by $1.0 billion during January, thus topping for the first time the pre-strike peak of $89.9 billion reached last July. By the end of November the seasonally adjusted value of all stocks had dropped $1½ billion below the July level. Inventories then rose $1.0 billion in December and another billion in January.

It is unlikely that this high rate of accumulation will be maintained in coming months. All of the increase in retail stocks since November has been among the durable goods industries, nondurable goods stocks have been unchanged.

Table 2.--Book value of business inventories, seasonally adjusted

Item	1959			January 1960
	January	November	December	
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Manufacturing, total	49.5	51.6	52.4	53.2
Durable	28.1	29.3	30.1	30.6
Nondurable	21.4	22.3	22.3	22.6
Wholesale, total	11.9	12.6	12.6	12.7
Durable	6.3	6.5	6.6	6.6
Nondurable	5.6	6.1	6.1	6.2
Retail, total	24.2	24.2	24.3	24.5
Durable	11.0	11.0	11.0	11.3
Nondurable	13.2	13.2	13.3	13.2

U. S. Department of Commerce.

Most of the increase in the retail durables inventories has consisted of automobiles, and scheduled reductions in production as well as rising sales will combine to reduce these. At the manufacturing level, also, most of the inventory gains have been among the durables. The book value of durable manufacturers' inventories increased by nearly $1.3 billion from the end of November to the end of January. This increase largely reflects replenishment of steel items. Figures on the backlog of unfilled orders at the nation's steel mills indicate that rebuilding of steel stocks is not completed but demand from this source can be expected to taper off. Steel mills were operating at a rate of 96 percent of capacity in mid-January. Since then, the operating rate has been declining slightly; the scheduled operating rate for the third week of March was 91 percent of capacity.

Capital Spending Up in 1960

Capital expenditures by U. S industry on plant and equipment during 1960 are expected to about equal the record $37 billion reached in 1957, according to the survey conducted by the Securities and Exchange Commission and Department

of Commerce in January and February. Expenditures are projected at an annual rate of $36.1 billion during the first half of 1960, rising to a rate of $37.9 billion in the second half. This compared with total expenditures of $32.6 billion in 1959. The rising trend of these expenditures is expected to contribute substantially to the anticipated rise in economic activity and especially to the output and sales of the metal, machinery and construction industries. Two indicators for capital expenditures clearly reflect the trend: The McGraw-Hill index of new orders for nonelectrical machinery in January was 10 percent above the same month a year ago, while new contracts for industrial construction were 30 percent higher. Continuation of the current upward trend in expenditures is also indicated by the sustained rise in capital appropriations. The National Industrial Conference Board-Newsweek survey of the 1,000 largest manufacturing firms showed that new appropriations for capital goods in the fourth quarter of 1959 were 40 percent above a year earlier.

All major industries are planning to spend more in 1960 than in 1959 according to the Commerce-SEC survey. Capital expenditures by manufacturing corporations are expected to rise by one-fourth, and will account for about 40 percent of total outlays. For durable goods, the overall gain will average 33 percent. Steel producers, will offset strike-induced postponements by a gain of more than two-thirds over last year; expenditures in the automobile group will rise 60 percent and in electrical machinery by 40 percent. The more moderate increase in the nondurable group will be highlighted by a 33 percent rise in expenditures by the chemical industry. The Conference Board-Newsweek survey indicates that about two-thirds of the anticipated expenditures by manufacturers during 1960 will go for equipment and modernization. In part this is due to the large increase to plant capacity during the previous upsurge in capital expenditures and the existence of excess capacity in many basic industries. In nonmanufacturing industries planned increases in outlays are more modest and range from 2 percent in mining to 10 percent for railroads.

Aggregate expenditures on plant and equipment during the period 1946-1959 totaled $370 billion. There have been three periods of rapid expansion in capital spending since the end of World War II. The first lasted nearly three years and reached a seasonally adjusted annual rate of $28.8 billion in the first quarter of 1953. The next sustained rise lasted 10 quarters, with the peak of $37.8 billion coming in the third quarter of 1957. The current rise began in the third quarter of 1958. A slow-down in the rate of outlays in the latter part of 1959 was associated with effects of the steel strike: Primary metals producers reduced their expenditures; gas utility and petroleum companies were affected by a shortage of steel mill products; railroads revised their spending plans as profits declined. Total expenditures in 1959 by metal products industries, rails, and mining companies were lowest in comparison with the peak year 1957, construction materials and most nondurables had nearly recovered and airlines and commercial enterprises showed advances.

The 12 percent decline in the dollar value of expenditures on plant and equipment between 1957 and 1959 reflected an even greater decline in volume. Between mid-1957 and mid-1959 the Engineering News Record index of construction

Table 3.--Expenditures on plant and equipment 1956-59 and estimated 1960

Item	1956	1957	1958	1959 1/	1960 2/
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Expenditures for plant and equipment 3/	35.1	37.0	30.5	32.5	37.0
Manufacturing	15.0	16.0	11.4	12.1	15.1
Durable goods	7.6	8.0	5.5	5.8	7.7
Nondurable goods	7.3	7.9	6.0	6.3	7.5
Mining	1.2	1.2	.9	1.0	1.0
Railroad	1.2	1.4	.8	.9	1.0
Transportation other than rail	1.7	1.8	1.5	2.0	2.1
Public utilities	4.9	6.2	6.1	5.7	6.1
Commercial and other	11.0	10.4	9.8	10.9	11.7

1/ Partly estimated.
2/ Based on anticipated expenditures reported by business in late January and early February.
3/ Excludes expenditures by agricultural business, non-business outlays as well as business outlays charged to current expense.

Department of Commerce and Security and Exchange Commission.

costs rose 11 percent, while the BLS wholesale price index for general purpose machinery rose 5.4 percent. The leveling in the rate of growth of our industrial plant has been offset to some extent by the greater relative efficiency of the new installations. Furthermore, most of the advance anticipated for 1960 is expected to reflect an increase in physical volume.

Funds for Expansion Ample

Despite the relatively tight money market and lower proceeds from corporate offerings in 1959, most industries anticipate little difficulty in financing the planned expansion. As in recent years, the bulk of expenditures on plant and equipment during 1960 will be financed largely from retained earnings and depreciation and amortization reserves. These internal sources of financing accounted for about 80 percent of total corporate expansion in 1959, which included in addition to the $32.6 billion for fixed assets, a nearly $10 billion increase in working capital plus an investment of about a half billion dollars in other assets. Corporate profits after taxes reached a new high of

around $25 billion in 1959. Despite record dividend payments, retained earnings totaled about $11.5 billion, $5 billion more than in 1958. Depreciation allowances have been rising. They are being accrued by manufacturing corporations alone at about $10 billion per year and are estimated to have approached $90 billion by the end of 1959. Corporate liquidity in 1959 was well above the previous 2 years. Holdings of cash and Government securities by non-financial corporations on September 30 totaled $57 billion and net working capital set a new record of $127 billion.

Research Expenditures Rise

Capital expenditures have in the past been closely associated with trends in liquidity and profits, although often spurred by the need to reduce costs and more recently by foreign competition. For industries undergoing rapid technological change, however, they are a direct outgrowth of previous expenditures on research and new product development. Much of this work is performed by industry, but financed by the Federal Government. Total research and development expenditures by business firms, nonprofit institutions and the Government rose from $5.2 billion in 1953-54 to $12.4 billion in 1959-60 according to recent estimates by the National Science Foundation. Based on the President's budget, Federal expenditures for research and development are expected to rise from $6.7 billion in fiscal year 1959, to $7.9 billion in 1960 and $8.4 billion in the year ending June 30, 1961.

Unemployment Drops by 200,000

The number of jobs increased by 500,000 in February to 64.5 million, a record for the month and 1½ million above February 1959. There is normally only a fractional seasonal increase in employment from January to February. The increase was entirely in nonagricultural employment. Farm employment remained unchanged at the winter low of 4.6 million.

The civilian labor force usually increases at this time of year but the rise this February was somewhat more than the normal seasonal amount. Nevertheless, the expansion in employment was substantially greater than the influx into the labor market so that there was a significant drop in the number of unemployed. Unemployment normally increases in February but this year the jobless total dropped by nearly 220,000. As a result the seasonally adjusted unemployment rate fell to 4.8 percent of the civilian labor force from 5.2 percent in January. The unemployment rate is still higher than before the 1957-58 recession but, except for one month in the spring of 1959, this is the only time that the rate has dropped below 5 percent.

Manufacturers' New Orders Drop; Unfilled Order Backlog Also Down

Manufacturers' new orders slipped by $1.0 billion during January, after adjustment for seasonal changes, to a level of $29.7 billion compared with $28.5 billion in January 1959. Durable and nondurable goods shared about equally in the decline. Among the durables, a sharp increase in orders placed with motor vehicle producers were more than offset by a drop in orders for other durables.

The decline in manufacturers' new orders, as the volume of shipments remained at the December level of $30.8 billion, cut into the backlog of unfilled orders. These declined $600 million during January to $50.9 billion, the lowest level since last August.

Table 4.--Manufacturers' new orders, sales and unfilled orders, seasonally adjusted

Item	1959			1960
	Jan.	Nov.	Dec.	Jan.
	Billion dollars	Billion dollars	Billion dollars	Billion dollars
Manufacturers' new orders	28.5	29.2	30.7	29.7
Manufacturers' sales	28.1	29.0	30.8	30.8
Manufacturers' unfilled orders 1/	47.7	51.5	51.5	50.9

1/ Not adjusted.

U. S. Department of Commerce.

Industrial Output Eases

Industrial production eased in February according to the Federal Reserve Board's seasonally adjusted index of industrial production which dropped 1 point to 167 (1947-49=100) but was about 8 percent above a year ago. Between January and February lower production of automobiles, appliances and other consumer goods were mainly responsible for the decline. Production of nondurable goods was also off a little in February but 5 percent above February 1959.

Construction Pickup In Early 1960

Activity in the construction industry presented an encouraging picture in the first two months of 1960. The value of new construction put in place rose 5 percent in January and 2 percent in February to a seasonally adjusted annual rate of $55.6 billion. The total value for the two months was 1 percent above January-February 1959.

Residential construction, seasonally adjusted, rose nearly 1 percent in December and 5 percent in January, after declining each month from May to November 1959. Preliminary data indicate another 1 percent rise during February. However, new housing starts which tend to lead residential construction outlays, slipped to an annual rate of 1.1 million units in February after having held at about 1.2 million units a month since last fall. In addition to the rate of new housing starts, applications for FHA commitments and requests for VA appraisals give some indication of future home building activity. About three times as many new homes are started under the FHA program as under the VA program. Applications for FHA commitments have been following a roughly seasonal pattern since early last fall while VA appraisal requests have been declining since early summer. Mortgage money appears to be continuing tight, with yields on FHA mortgages in secondary markets well above 1958 levels.

Consumer Demand Steady

Personal income payments rose another $200 million in February to reach an annual rate of $393 billion, adjusted for seasonal changes. This was 6 percent above a year earlier. Consumer income is now running at a rate of $13 billion above the strike-affected low of $380 billion last August.

Consumers are supplementing their spendable funds by steadily increasing their installment indebtedness. The volume of installment credit outstanding stood at $39.4 billion at the end of January, a $5.3 billion rise over the past year. New installment credit extended in January exceeded repayments by close to $400 million, after seasonal adjustment. This largely reflected the recovery in auto sales from the low December level. Total consumer credit, including noninstalment credit (mostly charge accounts and single-payment loans) amounted to $51.4 billion, up $6.3 billion from the end of January last year.

Consumer spending has been rising at a slower pace than consumer income since last summer. Sales by retail stores in February, after adjustment for seasonal factors and differences in the number of trading days, remained at the January level of about $18.1 billion. This was nearly 3 percent above sales last February. Food store sales were up 5 percent from a year earlier. Sales of nondurable goods totaled $12 billion in February, virtually the same as in each month since last spring. Sales in durable goods stores amounted to $6 billion in February, up fractionally from January and a little more than 2 percent from February a year ago.

Table 5.--Consumer income, sales and credit, seasonally adjusted

Item	Unit	1959 Feb.	1959 Dec.	1960 Jan.	1960 Feb.	Percentage change Feb. 1960 from Feb. 1959
Personal income payments 1/	Bil. dol.	371.0	392.1	392.8	393.0	6
Retail sales	Mil. dol.	17,575	17,485	18,142	18,056	3
Durables	Mil. dol.	5,869	5,328	5,895	6,004	2
Nondurables	Mil. dol.	11,706	12,157	12,247	12,052	3
Food stores	Mil. dol.	4,274	4,363	4,411	n.a.	2/4
Consumer credit outstanding	Bil. dol.	44.7	52.0	51.4	n.a.	2/14
Installment credit	Bil. dol.	34.0	39.5	39.4	n.a.	2/16

1/ Annual rate.
2/ January 1959 to January 1960.
n.a. Not available.

U. S. Department of Commerce and Board of Governors of the Federal Reserve System.

Consumer Prices Remain Stable

The Department of Labor's Consumer Price Index in January slipped off 0.1 percent for the second successive month. At 125.4 (1947-49=100), the index was 1.3 percent above January 1959. The major changes during January were declines in food prices (particularly eggs and most meats), a seasonal drop in new car prices and a somewhat greater than seasonal decline in prices of women's clothing. These decreases were partly offset by gains in most of the services associated with housing--utilities, fuel, rent, and property taxes.

Food prices declined for the fourth consecutive month in January. They have been below year-earlier levels since February 1959, chiefly reflecting lower meat prices resulting from heavier marketings of meat animals.

Somewhat later data on retail price movements are provided by the Department of Agriculture's index of prices paid by farmers for family living items. This index declined fractionally from mid-January to mid-February. Most commodity groups averaged slightly lower. Clothing was the only group registering a significant increase. Food prices declined moderately, led by dairy products and eggs.

Prices Advance At Farm Level

The index of prices received by farmers for all farm products advanced nearly 1 percent over the month ended February 15 to 233 (1910-14=100). Most of the increase was accounted for by higher prices for all of the meat animals and most of the fruits. Lower prices were registered for dairy products, cotton, most vegetables, eggs and turkeys.

Average prices of major farm commodities on central markets have continued to advance since mid-February. Severe weather over much of the country has reduced marketings and firmed prices, particularly for the livestock products. Prices of hogs at Chicago in the third week of March averaged 17 percent above the second week of February. Slaughter steer prices at Chicago were up 4 percent for the same period and prices of cows up 14 percent. Midwestern egg prices at New York rose 48 percent while North Georgia broilers averaged unchanged. Crop changes were mixed. Wheat prices at Kansas City rose $2\frac{1}{2}$ percent from mid-February to mid-March. Oat prices at Minneapolis were up about 1 percent while soybeans at Chicago were down fractionally and rye at Minneapolis down 3 percent.

The index of prices paid by farmers (including interest, taxes and farm wage rates) was unchanged over the month at 299 so that the parity ratio rose 1 point from the 20-year low of 77 recorded in each of the 3 preceding months.

AGRICULTURAL EXPORTS

Commercial exports of all commodities from the United States during the first 7 months of the current fiscal year totaled $9.8 billion, $543 million or 6 percent more than during the comparable period ending January 1959. Nearly two-thirds of the increase was in agricultural commodities, though nonagricultural commodities started their anticipated rise about mid-December. Because shipments of military supplies under grant aid have declined substantially, the rise in total U. S. merchandise exports has been limited to about 2 percent.

Agricultural exports totaled $2.6 billion during the 7 months ending January 1960. This was $333 million or 15 percent more than a year earlier. Cotton exports, which set a new postwar record in January, accounted for 2/5 of the value increase. In terms of volume, agricultural exports were about 22 percent above the previous fiscal year. In addition to cotton, substantial increases in export volume took place in vegetable oilseeds and oil, cattle, livestock products, prepared feeds, fresh fruits and dry beans and peas. In fact exports of cattle, poultry meat, cotton, oilcake and meal, dried fruit and cottonseed oil are already above totals for the entire 1958-59 fiscal year. Exports of wheat and tobacco were slightly below a year earlier both in quantity and value. Dairy products, also were down slightly, reflecting smaller donations.

Canada and other Western Hemisphere countries were the best markets for live cattle, beef, fruits and vegetables; Western Europe for tobacco, fats and oils, feed grains, prepared feeds, variety and poultry meats; Western Europe and Japan for soybeans and cotton; India and Japan for wheat. About half the total exports of wheat, rice, and vegetable oils represented sales for foreign currencies under Title I of P.L. 480. Tital I exports through January of the current fiscal year totaled $400 million.

Table 6.--U. S. Agricultural Exports, July 1959-January 1960, and change from July 1958-January 1959

Item	Unit	Quantity	Value	Change from July 1958-January 1959		
				Quantity	Value	Unit value
		Mil.	Mil. dol.	Pct.	Pct.	Pct.
Cotton	R.ba.	3.1	400	65	54	-7
Tobacco, unmanufactured	Lb.	336	253	-3	-3	1
Wheat and flour	Bu.	246	424	-1	-3	-2
Rice, milled basis	Cwt.	10.3	68	13	-3	-25
Feed grains 1/	S. ton	7.9	351	9	5	-4
Prepared feeds 2/	S. ton	.8	50	110	96	-7
Soybeans	Bu.	83	188	34	31	-2
Soybean oil	Lb.	541	60)	49	39	-14
Cottonseed oil	Lb.	351	46)			5
Lard	Lb.	399	37	70	19	-30
Tallow	Lb.	892	65	39	19	-15
Beef, veal and pork 3/	Lb.	62	20	31	10	-16
Poultry meat, fresh or frozen	Lb.	80	22	91	64	-14
Hides and skins	Pc.	4/ 4.6	37	-8	26	37
Nonfat dry milk	Lb.	308	32	-13	-22	-9
Other dairy			48		-6	
Fresh citrus	Lb.	442	29	23	9	-12
Fresh apples and pears	Lb.	194	17	70	64	-3
Raisins and prunes	Lb.	110	22	30	15	-12
Dry beans and peas	Lb.	413	27	71	52	-11
Other fruits, vegetables and preparations			145		4	
Total above			2,341		14	
Other agricultural			244		25	
Total agricultural			2,585		15	
Non-agricultural 5/			7,184		3	
Total commercial exports 5/			9,769		6	
Total U. S. exports			10,429		2	

1/ Barley and malt, corn and meal, oats and meal, sorghum grains. 2/ Soybean, cottonseed and linseed cake and meal; corn feeds, poultry feeds. 3/ All forms. Excludes, sausage, bologna and other variety meats and edible offal. 4/ Excludes hides and skins reported in value only. 5/ Excludes shipments under military grant aid.

Export prices of agricultural products during the current fiscal year have averaged below a year earlier. For most major export commodities the decline was less than 10 percent. However, lard prices were down 30 percent, rice 25 percent, tallow, meats, oranges and soybean oil around 15 percent. To a large extent, the decline in the unit value of exports reflected lower domestic market prices, and in the case of cotton also the higher export payment rate. In addition, during the early part of the fiscal year the use of the St. Lawrence Seaway made possible savings in transport charges and hence, lower export values for grains, soybeans and livestock products. Bulk handling of lard in tankers from Seaway ports is credited with substantially lowering the cost of U. S. lard to European buyers. During recent months some export prices have firmed, notably for cotton and feeds. Average unit export values in January were above a year earlier for cotton, oats, oilcake and meal, oranges, dry beans, hides and certain dairy products. For most grains, livestock products and fats and oils however, unit export values continued to decline.

FARM INCOME

Cash receipts from marketings of farm products amounted to $4.8 billion in the first 2 months of 1960. This was nearly 7 percent less than during January and February of 1959, due mainly to lower prices. Marketings, in the aggregate, were down only slightly. Receipts from livestock and products totaled $2.7 billion, about 5 percent less than a year earlier. Receipts for meat animals dropped, as lower prices for beef cattle and hogs more than offset larger marketings. Prices of calves were also below early 1959. Lower prices for eggs and farm chickens during January and February contributed to lower receipts for the poultry group. Dairy receipts for January-February were above a year earlier. Crop receipts of $2.1 billion were 9 percent less than a year ago with sharply smaller wheat marketings accounting for most of the decline. However, both marketings and prices of sorghum grain, barley, soybeans, and tobacco were below a year ago. Larger marketings of cotton and higher prices for potatoes partially offset these declines.

February 1960 receipts from marketings amounted to approximately $2.1 billion compared with $2.2 billion a year ago. Prices averaged lower, particularly for eggs, hogs, cattle and calves, and feed crops. Marketings of wheat, barley, and soybeans were substantially below February 1959. Receipts from livestock and products were estimated at $1.3 billion and crop receipts at $0.8 billion.

LIVESTOCK AND MEAT

Prices of meat animals continued to rise during the early weeks of March. Late winter prices of cattle, calves and hogs were still below a year earlier, but lamb prices were higher. Cattle slaughter in January-March this year will be about 13 percent larger than a year before. Hog slaughter will total about 8 percent above the first quarter of 1959 though at times it has been below last year's rate. During the next few months fed cattle marketings will continue large, but sales of hogs and lambs will decline seasonally.

Prices of fed cattle are expected to fluctuate near or a little below current levels during the next several months and will be below last spring's prices. January-February receipts of fed steers and heifers at 12 leading markets have totaled 16 percent larger than a year earlier--nearly in line with January 1 marketing intentions in 21 States. Shipments of stockers and feeders have continued large but many of the cattle now going on feed will be marketed after midyear. Relatively stable to weaker fed cattle prices could dampen some of the usual rise in prices of feeder grass cattle this spring. However, moisture conditions are favorable over most of the country and warm weather will likely bring good pastures and a strong demand for stocker cattle.

Hog prices may show some seasonal declines during early spring when marketings of fall pigs are heaviest. However, any downturn will be short lived and prices will soon resume their climb toward a summertime high. Prices will probably rise above year-earlier levels sometime this spring, and this summer will be significantly higher than last summer. Hog slaughter this summer and fall will come largely from the 1960 spring pig crop which farmers in December had planned to cut 11 percent. The quarterly Pig Crop Report for 10 States reports December-February farrowings down 19 percent and plans for 10 percent fewer sows to farrow in March-May.

Prices of lambs will doubtless share in the general price strength and will hold above last year's prices most or all of this spring. The number of early lambs born in the principal early lamb producing States is about 2 percent larger than a year earlier. In general, the growth and development of early lambs has been slower than normal. Hence, sheep and lamb slaughter will probably continue below a year ago during much of the spring period.

Supplies of meat for consumption in 1960 may be about a pound less per person than last year's 159.6 pounds. A reduction of about 4 pounds in pork will more than offset gains in other red meats. Retail prices of beef are expected to hold close to present levels for several months, but pork will probably rise significantly during late spring and summer.

DAIRY PRODUCTS

Production of milk per cow was restriced somewhat by unseasonably cold and stormy weather in late February and early March. The increase from February 1 to March 1 this year was only 2 percent compared with an average for recent years of 4 percent. In the important dairy areas of the East and West North Central States, the rate per cow was under last year's level on March 1. The daily rate of milk production for the month of February practically equalled the rate of February 1959. However, with the extra day in February this year, output for the whole month was up 3 percent over February of last year. The total for January and February 1960 was 19.5 billion pounds this year, compared with 19.2 a year earlier. The decline in number of milk cows let up considerably in late 1959, and the number of animals on farms on January 1 was less than 1 percent below a year earlier. Hence, as soon as the production of milk per cow begins to show the usual year to year increases, probably within the next two or three months, total milk flow may go above that in the comparable period of 1959.

Wholesale prices for dairy products have remained stable since mid-December 1959, when some items declined, particularly butter and fluid cream. In mid-March, all items at wholesale were still a little above a year earlier, with cheese showing the greatest increase. Prices received by farmers for milk and butterfat in mid-February averaged about 1 percent above a year earlier.

Per capita fluid whole milk consumption has shown the influence of the pickup in consumer demand in the past year or so. Likewise, use of fluid skim milk items has shown a substantial rise in the past year, after some letup in the uptrend during 1958. Ice cream consumption per capita gained considerably in 1959 and showed a further increase in the first 2 months of 1960. Use of butter dropped to a record low in 1959.

Purchases of butter by the CCC have been significantly larger than a year earlier in the past 7 weeks. Although no cheese purchases have been made since early January, the milk equivalent of butter exceeds the milk equivalent of purchases of the two items combined in the comparable period of 1959. Up to March 21, 10 days short of the full marketing year, the milk equivalent of butter and cheese purchased by CCC was 3.0 billion pounds, compared with 3.2 billion a year earlier. Deliveries of nonfat dry milk to CCC have been about equal to a year earlier. The purchase prices for butter, cheese, and nonfat dry milk in the marketing year to start April 1 will be the same as in the marketing year now drawing to a close.

POULTRY AND EGGS

The nation's laying flock, 3 percent smaller than a year earlier on March 1, will decline further from last year as 1960 progresses. Egg production, which on March 1 was 6 percent below 1959, will remain below the year before, and soon the supply will decline seasonally. Prices received by farmers in the last half of this year are likely to average noticeably higher than in the same period of 1959. Egg prices rose sharply in the first half of March, following severe snow storms over the Midwest, Northeast, and parts of the Southeast.

The reduction in hatchings of egg-type chicks so far this season is considerably greater than was indicated by farmers' early February intentions to buy 9 percent fewer replacement chicks this year than last. In the last 5 months of 1959, hatchings fell 19 percent below the same period of 1958, and in January and February they were 39 and 38 percent, respectively below a year earlier. Thirty-nine percent fewer eggs of replacement-type chickens were in incubators March 1 than on the same date in 1959. Although hatchery output in the important hatching months of April and May is likely to be down from last year by smaller percentages, the number of chickens raised this year is virtually certain to be well below last season. The 401 million chickens raised in 1959 were 7 percent fewer than in 1958 and, except for 1957, the fewest since records were begun in 1909.

Egg production in the last half of this year may not be down fully as much as the laying flock, because of the likelihood of further increases in the fall rate of lay per bird. Nevertheless, egg production is likely to be down enough to raise prices in the second half of 1960 above those in the same period of 1959.

The mid-February price to farmers of 28.9 cents per dozen was lowest for the month since 1942, but in early March prices were above the extreme lows of May-June 1959, and by mid-March some prices were above the year before. Demand for eggs for storage has been strong, and in early March the shell and frozen eggs in storage exceeded last year by an amount equivalent to 23 percent of the season peak of storage in 1959. A continued strong storage demand will be necessary to sustain egg prices through the spring.

The USDA purchase program which began in early January has diverted, into dried egg production for School Lunches and other eligible outlets, about 2 percent of current egg production.

Broiler prices from December 1959 to early March 1960 were 17 cents per pound and higher (mid-month U. S. averages). This was about a cent higher than the 1959 annual average of 16.3 cents (simple average of monthly prices). Prices at recent levels are high enough to encourage expansion in production, but limitations of credit and possibly of egg supply have held weekly hatchings of broiler chicks in January and February to about 105 percent of last year. Recent egg settings suggest that March hatchings will be slightly below 1959. Nevertheless, monthly marketings will increase seasonally.

Demand in past years, except 1959, has also increased seasonally, and if the long-time demand pattern prevails, broiler prices to the summer may be fairly steady. During the spring and summer, however, hatching egg supply may emerge as a limiting factor upon broiler chick production, because of cutbacks in the past 10 months in the number of breeder chicks sold.

Turkey production in 1960 is likely to rise above the 1959 record of 82 million birds raised. In February, U. S. average prices slipped down (to 25.7 cents) from the 28-29 cent level of December and January, but settings of eggs into incubators for all except Beltsville-type poults were at a much higher rate than last year. Farmers intended in January to grow 6 percent more birds than last year. Any substantial increase in the size of the crop would reduce the possibility of turkey prices repeating the rise that occurred in late 1959.

OILSEEDS, FATS AND OILS

Prices received by farmers for soybeans so far during the 1959-60 marketing year have remained firm at about $2.00 per bushel while soybean oil prices (crude, Decatur) dropped from 8.6 cents per pound in October 1959 to 7.5 cents in mid-March, nearly 2.0 cents below last year and the lowest price for March since 1941. Soybean meal prices, after rising from $56.60 per ton (bulk, Decatur) in October to $61.50 in January 1960, slipped to $55 per ton in mid-March, just a little below last October but about the same as March 1959.

These price relationships have resulted in a narrowing of the price spread between farm prices of soybeans and the spot value of oil and meal obtained from a bushel of beans. The spread narrowed from 34 cents per bushel in October to 20 cents in February. The average of 26 cents for the period

compared with 39 cents during October-February 1958-59. Normally, the spread is at the season's peak during these months when soybean marketings are heavy and bean prices are seasonally low. As a result of narrowing margins, soybean crushings slowed some in late February. However, preliminary indications are that the crush in March will be up from February. The total of about 170 million bushels for October-February was only 2 million below a year ago. Soybean crushings for the entire 1959-60 season probably will total around 400 million bushels, not greatly different from last year.

Heavy supplies of edible vegetable oils and lard during the fall and winter have exerted downward pressure on the general level of food fat prices. Exports of edible oils during October-January 1959-60 were up 13 percent from a year earlier, with cottonseed oil showing a sharp increase and soybean oil a sharp decrease. Exports of edible oils during February-September 1960 are expected to continue heavy, as a pickup in soybean oil shipments under P.L. 480 as well as for dollars will tend to offset somewhat lower cotton oil exports.

Soybean exports in 1959-60 are likely to set another new record of about 125 million bushels compared with 110 million the year before. Based in part on inspection data, exports from October 1, 1959 through mid-March 1960 totaled about 71 million bushels, 13 million above the same period of the 1958-59 season. Most of the increase is going to Western Europe and Japan.

Based on the above estimates for crushing and exports, the carryover of soybean on October 1, 1960 will be around 40 million bushels, down sharply from the record carryover of 62 million bushels last year but well above any other year.

Flaxseed prices (No. 1 spot, Minneapolis) rose sharply from $2.97 per bushel in July 1959 to a peak of $3.85 per bushel in November, reflecting the smallest crop in 15 years. Prices since then have dropped to about $3.20 per bushel in mid-March. Contributing to the sharp decline were larger than expected supplies in Canada, reduced domestic demand for oil and the decline in meal prices.

Last November over a third of the Canadian flaxseed crop was under snow and it was uncertain at that time how much of it would be harvested before the spring. However, most of the crop now has been harvested.

The prolonged steel strike in the second half of 1959 adversely affected the demand for linseed oil and factory consumption of linseed oil has failed so far to regain the pre-strike level. Furthermore, the sharp rise in linseed oil prices last fall probably encouraged users of drying oils to shift to lower priced substitutes.

Linseed meal prices have been above normal in relation to other high-protein feed prices during the past year or so. They have dropped more sharply than the others in recent months. The price reduction reflects somewhat less favorable livestock feeding ratios and some cutback in export demand which last fall was boosted by drought conditions in Western Europe.

FEED

Feed grain prices have made less than their normal seasonal advances since last fall. In mid-February the index of average prices received by farmers for feed grains was only 1 percent higher than in November and 3 percent below a year earlier. Prices of a number of the byproduct feeds have declined in recent weeks. In the first half of March, the index of high-protein feed prices averaged 10 percent lower than a year earlier. Big feed grain supplies, lower livestock prices and reduced demand for commercially prepared feeds, especially poultry feeds, have been price weakening factors this winter. Feed prices probably will continue generally a little below a year earlier through the first half of 1960.

The price of corn, and to some extent prices of other feeds, also has been influenced by the large volume of high moisture corn in the Corn Belt. In the first half of March, No. 2 Yellow corn at Chicago averaged $1.16 per bushel, 5 cents lower than a year earlier. No. 5 corn averaged $1.04 per bushel, 12 cents lower than a year ago, reflecting the greater discount for high moisture corn this year. Many farmers in the Corn Belt will find it necessary to feed or otherwise dispose of this high moisture corn to avoid spoilage, which will tend to reduce the demand for other feeds and may have a bearish effect on feed prices generally. Oat prices continue around 10 to 12 percent over a year earlier, while barley prices are a little lower. Sorghum grain prices continue at about the support level, and in mid-February averaged 13 percent lower than a year earlier.

Farmers placed only 4.3 million tons of 1959 crop oats, barley and sorghum grain under price support during the 1959-60 loan period, less than half of the 11.7 million tons of these 3 grains placed under support from the large 1958 crops. On the other hand, the 378 million bushels of corn placed under price support through February was substantially above the 302 million a year earlier. Farmers have through May to place corn under price support. Placing corn under support has been delayed in the Western Corn Belt by the excessive moisture content.

The total acreage planted to feed grains in 1960 will be about 1 percent less than in 1959 if farmers carry out their March 1 planting intentions. Nearly 86 million acres are expected to be planted to corn, about the same as the 1959 acreage and 6 percent above the 1949-58 average. Farmers plan to plant nearly 20 million acres to sorghums for all purposes, nearly equal to last year's acreage. A reduction of 5 percent is in prospect for oats, which would bring the 1960 seeded acreage to the lowest level in over 30 years, and a reduction of 4 percent is planned for barley.

WHEAT

March 1 intentions indicate seedings of all spring wheat at 12.8 million acres, down 5 percent from the acreage seeded in 1959 and 28 percent below the 1949-58 average. If growers carry out their seeding intentions and yields per seeded acre this year about equal the 1955-59 average, an

all spring wheat crop of about 230 million bushels would be produced. Based on conditions as of December 1, 1959, a winter wheat crop of 926 million bushels was forecast for 1960. These add to a possible all wheat production of 1,156 million bushels, compared with the 1,128 million bushels in 1959. The winter wheat crop appears to have wintered well as a result of snow cover protection against winter cold. Moisture supplies are ample to stimulate spring growth which should minimize losses.

Cash wheat prices at terminals on March 22 were 2 to 7 cents higher than in mid-February, reaching the highest or very near the highest level for the marketing year to date. Compared with a year earlier, prices at Minneapolis were up about 11 cents, while those at Kansas City and St. Louis were up about 7 cents; those at Portland were up 5 cents.

On March 22 the prices at Kansas City, Minneapolis and St. Louis were about a cent above the support level while those at Portland were about 5 cents above the support.

The net quantity of 1959-crop wheat under the support program, without allowance for deliveries to CCC, reported through February 29 totaled 269.5 million bushels, 47.9 million bushels having been redeemed out of a total of 317.4 million bushels put under support. This compares with 565.6 million bushels of the 1958 crop under support on February 28, 1959.

Stocks of wheat in all positions on January 1 totaled 1,876 million bushels, the largest of record for that date, 2 percent larger than the previous January and 57 percent above the 1949-58 average. Total stocks were two-thirds larger than the 1959 crop, continuing to reflect a large carryover of old-crop wheat on July 1.

Exports of wheat, including flour in terms of grain, July-February totaled about 292.7 million bushels compared with 280.8 million in the same period a year earlier. This would indicate that exports will probably exceed the January estimate of 440 million bushels and reduce the carryover below the 1,350 million bushels estimated on the basis of the earlier forecast of exports. Supplies for 1959-60 are estimated at 2,415 million bushels (July 1, 1959 carryover of 1,279 million, production of 1,128 million and imports of possibly 8 million). Domestic disappearance is estimated at about 625 million bushels.

FRUIT

Prices for apples of good quality and condition at most shipping points in the United States held fairly steady during February and early March. In Washington, where remaining supplies were much smaller than a year earlier, prices for Delicious apples averaged considerably above year-earlier levels,and those for Winesaps averaged a little above. In eastern States, prices tended to be up a little. On March 1, 1960, cold-storage holdings of apples in the United States were about 20 percent lighter than a year earlier. Stocks of pears were about 30 percent smaller. In Washington in early March, shipping-point prices for D'Anjou pears, the principal remaining variety, continued

substantially above a year earlier. Stocks of California Emperor grapes in cold storage on March 1 were up sharply and prices on terminal auction markets were down considerably from a year earlier.

The Florida winter crop of strawberries was estimated as of March 1 to be about 27 percent larger than the small 1959 crop. Since then heavy rains have covered the Plant City area and prospects may have been reduced. Prospective production of strawberries in the early spring States (Louisiana, Alabama and Texas) is down a little from 1959 as a result of reduced acreage. Development of the crops in these four States this winter has been retarded by cold weather. Heavy movement from Louisiana, the largest producer of the early spring States, is not expected before mid-April.

Total utilization of citrus fruits by mid-March of the 1959-60 season was moderately heavier than comparable use in 1958-59. This was mainly the result of earlier maturity of the crops than in the fall of 1958, especially in Florida. As of mid-March, remaining supplies of oranges were about as large as a year earlier and those of grapefruit and lemons were each somewhat smaller than a year earlier. Practically all of the Florida crop of early and midseason oranges had been used and movement of Florida Valencias to fresh markets was underway. Movement of Florida Valencias to processors was light, awaiting increased maturity. But movement of grapefruit to both fresh markets and processors continued seasonally heavy.

In Florida, shipping-point prices for oranges for fresh use, after increasing since November, declined slightly in late February and early March as harvest of the early and midseason crop was nearing completion and harvest of Valencias was increasing. Prices for Florida oranges for making frozen concentrate increased from December to mid-February, held fairly steady during late February, then declined. Prices for oranges for both types of use continued somewhat under the relatively high levels of a year earlier. With sales lighter, prices for California oranges on the principal auctions during February and early March averaged moderately above a year earlier. Shipping-point prices for Florida fresh market grapefruit held fairly steady during late February and early March. At mid-March, prices for seeded and white seedless varieties averaged moderately above year-earlier levels, those for pink seedless averaged a little above.

The pack of Florida frozen orange concentrate by March 12 of the 1959-60 season was a little smaller than comparable output in 1958-59. Total movement from packers was up about 16 percent. But mainly because of the increased carryover stocks last fall, packers' stocks continued considerably above those of this time in 1959. The packs of Florida canned single-strength citrus juices, except tangerine, also are larger than a year ago. Movement has been up, but not enough to offset the increases in packs and carryover stocks last fall. So packers' stocks also are up substantially.

COMMERCIAL VEGETABLES

For Fresh Market

Production of winter season vegetables was estimated in early March at 32.1 million hundredweight, about 6 percent larger than last winter and 4 percent above the 1949-58 average. Among the important crops, production of cabbage and carrots was substantially larger than a year ago, and lettuce moderately larger. Largely because of reduced acreage, production of both celery and spinach was materially smaller this winter than last. Freezes again hit important producing areas in Florida resulting in heavy losses of tender vegetables. Output of snap beans, sweet corn, green peppers and tomatoes was substantially below that of both last year and average.

Production estimates are currently available for only a small number of early spring crops. Indicated production of early spring onions is up sharply from both a year ago and average, and production of cauliflower is up slightly from 1959. But prospective output of lettuce is down 17 percent from a year ago and the smallest since 1955. Output of broccoli is expected to be about a tenth smaller than a year earlier and asparagus slightly smaller. Estimates of production are not yet available for early spring cabbage and tomatoes; however, average yields on the reported acreage of these crops would result in substantially less tonnage of both cabbage and tomatoes than a year earlier.

Among late spring crops, indicated acreage of cabbage is up 3 percent, watermelons about the same as a year earlier, asparagus down slightly, and onions down 6 percent.

March planting intentions reports indicate 2 percent more cabbage for early summer harvest than in 1959, and 7 percent more watermelons. Growers also plan 8 percent more acreage of early summer onions but 1 percent less acreage for late summer.

For Commercial Processing

Supplies of canned vegetables are somewhat smaller than a year ago. Markets for many items have firmed or advanced in recent weeks, and f.o.b. prices of most items average a little higher than a year ago. Except for sauerkraut, which is in a tight position, other important items are in adequate supply. Stocks of frozen vegetables are slightly smaller than a year ago, but 9 percent above the recent 5-year average.

Early reports indicate 5 percent more tonnage of winter and spring spinach for processing this year than last. March 1 intentions reports indicate that processors plan to plant 5 percent more acreage of green peas for processing than in 1959, and about 1 percent less acreage of tomatoes.

POTATOES AND SWEETPOTATOES

Storage stocks of fall crop potatoes on March 1 amounted to 56 million hundredweight, about 9 percent less than on March 1, 1959, but moderately above the 10-year average. Estimated production for winter harvest of 3.0 million hundredweight is substantially smaller than either last year or average.

Indicated acreage of potatoes for early spring harvest is about a tenth larger than last year, and January reports indicated that growers planned to plant about 6 percent more acreage to late spring potatoes. However, the early spring crop in Florida suffered some cold damage as in 1959, and yields again are likely to be relatively low. In the Southeast, adverse weather in late February - early March interrupted planting and development of the late spring crop. During the next 4 to 6 weeks prices are expected to continue well above the low levels of a year earlier.

Intentions reports indicate that farmers plan to plant a slightly larger acreage of potatoes for early summer than in 1959, and also slightly more acreage for late summer and fall combined.

Indications are that remaining supplies of sweetpotatoes are materially larger than those of a year ago. Unloads data indicate a dull demand, and prices continue well below those of a year ago. The Department of Agriculture, on February 26, announced a sweetpotato purchase program to assist growers in marketing their abundant supplies. Purchases will be made in New Jersey and North Carolina, and will be distributed to nonprofit school lunch programs and other eligible outlets.

Growers report intentions to plant about 16 percent less acreage of sweetpotatoes than in 1959.

DRY BEANS AND PEAS

Demand for dry beans remains strong. The principal classes of white beans generally are selling below those of a year ago, but above support levels. Tight supplies of the principal colored classes continue to move at relatively high prices. Mid-February prices received by farmers for all classes of dry beans averaged $7.43 per hundredweight compared with $6.86 a year ago. The Department of Agriculture on February 19 announced a national average support price of $5.35 per hundredweight for 1960-crop dry edible beans. This is the same dollars-and-cents level which was in effect for the 1959 crop. March intentions reports indicate that growers plan to plant about 1 percent less acreage of dry beans this year than last. Should yields be near the 1955-59 average, such an acreage would produce a 5 percent smaller crop than in 1959.

Remaining supplies of dry peas are materially larger than the tight supplies of a year ago, and prices to growers continue much below the relatively high level of a year earlier. According to early March reports, farmers plan to plant about the same acreage of dry peas this year as last. Should yields be near the 1955-59 average, production on the intended acreage would be 17 percent below the large crops of 1959.

COTTON

The carryover of cotton in the United States on August 1, 1960 is expected to be about 8.1 million bales, roughly 0.8 million bales lower than that of a year earlier. The decrease is being caused by a substantial gain in exports as well as some increase in domestic mill consumption. Total disappearance in the 1959-60 marketing year is estimated at approximately 15.5 million bales, an increase of about 4.0 million from 1958-59. The 1959 crop was 3.1 million bales larger than the 1958 crop and the total supply for 1959-60 is up 3.3 million bales.

Exports during the current season are expected to be about 6.5 million bales, compared with 2.8 million bales a year earlier. The increase is being caused by larger foreign free world consumption, lower cotton prices in importing markets, a small decline in foreign free world production, and an increase in foreign free world stocks.

On March 16 it was announced that the payment-in-kind initial rate under the export program for the 1960-61 marketing year will be 6 cents per pound. This compares with the 8-cent per pound rate during the current season and a 1960 Choice B loan rate for Middling 7/8-inch cotton at average location which is 1.52 cents per pound below the rate for the 1959 crop. The loan differentials for other qualities of cotton have not been announced.

The monthly average daily rates of mill consumption in the United States so far during the current season, after adjustment for seasonal variation, indicate total consumption for 1959-60 of about 9 million bales. This compares with 8.7 million bales a year earlier. A further decline in the seasonally adjusted ratio of stocks to unfilled orders for cotton broadwoven goods indicates that domestic mill consumption will be well maintained through the remainder of the 1959-60 marketing year. Another favorable factor is the increase in the average value of the fabric made from a pound of cotton (20 constructions) to the highest level since records began in August 1954, when the series began. The price of the cotton used in manufacturing the fabrics declined slightly and the mill margin increased to a record high.

Per capita consumption of cotton in 1959 was 24.5 pounds, 10.4 percent above 1958. This compares with an increase of 16.5 percent in the per capita consumption of manmade fiber. On a cotton equivalent basis, per capita manmade fiber consumption increased 17.3 percent.

The average 14 spot market price for Middling 1-inch cotton has increased some since November and on March 18 was 32.03 cents per pound. The average for February 1960 was 32.01 cents per pound which compares with the low monthly average for the season in November of 31.61 cents and with 34.28 cents per pound in February 1959.

CCC announced on March 1 that carrying charges for resale of Choice A cotton from the 1960 crop would be .20 cent per pound per month from November 1960 through July 1961 compared with .15 for the same months a year earlier. In October 1960 the carrying charges will be .10 cent per pound. CCC also

announced that the resale price for the 1959 and earlier crop cotton would be a minimum of 115 percent of the Choice B loan rate for the 1960 crop, plus carrying charges. Choice A cotton from the 1960 crop sold by local sales agents will have a minimum resale rate of 110 percent of the Choice B loan rate, plus carrying charges. The New Orleans commodity office will sell 1960 Choice A cotton for the higher of 110 percent of the Choice B loan rate or the market price as determined by CCC, plus carrying charges. The Choice B loan rate for the 1960 crop for Middling 7/8-inch cotton at average location has been set at 23.18 cents per pound. This compares with 24.70 cents per pound for the 1959 crop.

Growers with initial allotments of 3.0 million acres of cotton were signed up under the Choice B program for the 1960 crop. The increase added 1.2 million acres and brought the Choice B allotments up to 4.2 million acres, compared with approximately 3.6 million acres under the Choice B program for the 1959 crop. Acreage added to the initial 1959 allotments by the Choice B program amounted to 1,018,000 acres. Total acreage allotments which can be planted to upland cotton in 1960, including the Choice B sign-up, now amount to 17.5 million acres compared with 17.3 million acres under the 1959 allotment program.

Imports of cotton fabric in the United States in 1959 were about 70 percent larger than those of 1958 and approximately 30 percent above the previous record of 1956. Imports in 1959 totaled about 240.9 million square yards. At the same time, exports of cotton fabric declined to about 477.1 million square yeards, the smallest since 1942 but still well above the 1934-38 average of approximately 217 million square yards.

WOOL

World trade in raw wool and wool products increased substantially in 1959 in contrast to the severe declines in 1958. Although most prices in world markets eased in February, they have been relatively firm since early last fall as a result of the good demand for the world record clip. A few minor adjustments in price levels have occurred as demand and supplies varied. With production and consumption nearly in balance the outlook for the next few months is for continued good demand at about current prices.

Activity on the Boston market the last several weeks has been slow with only a small number of sales each week at relatively stable prices. Prices eased 2 to 5 percent in February because of the continued inactive, dull market and declines in world prices. Domestic demand since the first of the year has been relatively stronger for quarter-blood wools. Activity has been mostly on pulled wools.

The average price received by growers for shorn wool in the open market for the 1959-60 marketing year will be about 15 percent higher than the 36.4 cents per pound received for the 1958-59 season. The 10-month average price received by growers for April 1959 through January 1960 was 42.8 cents per pound. The February 1960 midmonth price was 42.8 cents per pound, compared with 42.5 cents in January 1960. Prices received by growers in the next few

months can be expected to fluctuate at about the January-February level due to anticipated good demand for wool products, low domestic apparel wool stocks, and competitive prices of other fibers.

The number of stock sheep and lambs on farms and ranches on January 1, 1960 was 29.5 million head, 3 percent more than a year before and the highest since 1948. The number of sheep and lambs on feed January 1, 1960 was 4.1 million head, 7 percent less than a year earlier. However, all sheep and lambs totaled 33.6 million head, 2 percent more than a year before.

The total domestic shorn and pulled wool production in 1959 was 291.7 million pounds, grease basis, or 139.0 million pounds, clean basis, 7 percent more than 1958 and the highest since 1947. The 1960 shorn wool production will probably be at least 4 percent more than 1959 based on the increase in stock sheep numbers in the West where average fleece weights are heavier.

Domestic raw wool consumption in 1959 totaled 431.1 million pounds, scoured basis. The 1959 mill use of apparel wool totaled 266.7 million pounds, 23 percent above 1958. Even though consumption of apparel wools declined in the latter part of 1959, the outlook is for continued strong mill use during the early months of 1960. Mill consumption of carpet wools during 1959 totaled 164.4 million pounds, 38 percent more than 1958 and the highest since 1950. The outlook is for continued good demand during at least the first part of 1960.

The worsted system's proportionate share of apparel wool consumption increased from 50.3 percent in 1958 to 53.3 percent in 1959, the highest since 1953. Production of woolen and worsted woven goods during 1959 was up 14 percent from the year before. Production of tops, yarns, and shipments of woven carpets and rugs were also all up substantially in 1959. In the aggregate of 769.8 million pounds of all fibers consumed on the woolen and worsted systems during 1959, the share of raw wool increased from 52 percent in 1958 to 56 percent in 1959.

The improvement in world trade during 1959 was most marked in the early stages of processing and less in the finishing stages. In the leading manufacturing countries, top production was up 16, yarn output 14 percent and woven fabric production 10 percent in comparison with 1958. Exports of raw wool, tops, yarn, and cloth increased significantly in 1959. The rates of increase in world trade slowed in the latter part of 1959. However, activity in all segments of the wool industry should be good in 1960 as world demand will continue relatively strong.

World wool production in 1959 (including the 1959-60 season in the Southern Hemisphere) is currently estimated by the Foreign Agricultural Service at a record 5,545 million pounds, grease basis, 4 percent more than 1958. The Commonwealth Economic Committee estimates world wool consumption in 1959 at 3,180 million pounds, clean basis, 12 percent more than 1958 and 8 percent above the previous high in 1957. Consumption in the 10 chief consuming countries increased 17 percent in 1959 compared with 1958. Fourth quarter data indicate that the peak in the present rise may have been reached and that world consumption will probably not increase to any great extent in 1960.

TOBACCO

Marketings of 1959 crop tobacco except for the Maryland and Puerto Rican crops have been completed. The Puerto Rican crop, planted late in the year, is harvested and sold in the first half of the following year. The auctions for 1959 Maryland crop are scheduled to open on April 26 and to close by mid-July. Sales are also made on the Baltimore hogshead market. Government price support will not be available for the 1959 Maryland crop because a marketing quota was not in effect on this crop. However, marketing quotas will be in effect for the crops of 1960, 1961 and 1962, since they were approved in a recent referendum, by 78 percent of the growers voting. This will mean Government price supports in 1961-63 when these crops go to market.

The 1959 crop of Maryland tobacco is estimated at 33 million pounds, 7 percent larger than the previous year's. Carryover on January 1, 1960 was nearly 63 million pounds, 11 percent less than a year earlier and the lowest since 1951. Total supply -- the crop plus carryover -- at 96 million pounds is 6 percent below a year ago and the smallest in 9 years.

Domestic use of Maryland in 1958-59 was about 5 percent less than in 1957-58 but exports were the largest in many years. The increase in exports raised total disappearance above any year on record except in 1952-53.

Based on farmers' intentions as of March 1, 38,000 acres of Maryland tobacco will be grown in 1960, the same as in 1959. According to recently-enacted legislation the support level for the 1960 Maryland crop will be 50.8 cents per pound, or the same as it would have been for the 1959 crop if that crop had been grown under a marketing quota.

In accordance with the recent legislation, the 1960 price supports for flue-cured, burley, fire-cured, dark air-cured, sun-cured, cigar filler and binder (types 42-44 and 53-55), Puerto Rican cigar filler (type 46) and cigar binder (types 51-52) will be the same as they were for the 1959 crops. Further it provided that price supports for the 1961 and subsequent crops will be determined by a different method than that used for 1959 and prior years. For the eligible kinds of tobaccos, the 1959 support levels will be adjusted in accordance with the change between the 1959 parity index (the index of prices paid by farmers, taxes and wage rates) and the average of the parity indexes for the 3 years just preceding the year for which the support level is being determined.

About 95 percent of the 1960 tobacco crop in the continental United States will be grown under acreage allotments. Farm acreage allotments are unchanged from 1959 and total 1960 acreage as indicated by March 1 intentions of growers is practically the same as that harvested in 1959. Indicated 1960 acreages of flue-cured, burley and Maryland are about the same as last year. Slight increases are indicated for the fire-cured and dark air-cured tobaccos. Among the cigar types, intended acreages of Pennsylvania filler (type 41), Northern Wisconsin binder (type 55) and Georgia-Florida wrapper (type 62) are 3 to 5 percent above the harvested acreages in 1959. In the Connecticut Valley, growers' intentions as of March 1 indicated only slightly less acreage of shade-grown wrapper (type 61) and Havana Seed binder (type 52) than last year, but a drop of about one-fifth in Broadleaf binder (type 51) acreage. In Ohio, the acreage of cigar filler tobacco (types 42-44) may increase a little over last year.

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